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LEGEND

Distributing =

Controlled =

Shareholder =

Sub1 =

Sub2 =

Sub3 =

Business A =

Business B =

a =

b =

c =

d =

Dear :

This letter responds to your August 21, 2013 letter requesting rulings on certain U.S. federal income tax consequences of a series of proposed transactions (collectively, the “Proposed Transaction”). The information provided in that request and in subsequent correspondence is summarized below.

The rulings contained in this letter are based upon facts and representations submitted by the taxpayer and accompanied by a penalties of perjury statement executed by an appropriate party. This office has not verified any of the material submitted in support of the request for rulings. Verification of the information, representations, and other data may be required as part of the audit process. In particular, this office has not reviewed any information pertaining to, and has made no determination regarding, whether the distribution occurring as part of the Proposed Transactions will (i) satisfy the business purpose requirement of § 1.355-2(b); (ii) is being used principally as a device for the distribution of the earnings and profits of the distributing corporation or the controlled corporation or both (see § 355(a)(1)(B) and § 1.355-2(d)); or (iii) is part of a plan (or series of related transactions) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50 percent or greater interest in Distributing or Controlled (see § 355(e) and § 1.355-7).

SUMMARY OF FACTS

Distributing is a holding company that is the common parent of an affiliated group of corporations that files a consolidated U.S. federal income tax return. Distributing and the members of its separate affiliated group (“SAG”), as defined in section 355(b)(3)(B) (the “DSAG”), are engaged in Business A.

Distributing has two classes of common stock outstanding--Class A voting common stock and Class B non-voting common stock. Shareholder owns all of the Class A stock outstanding and a percent (b shares) of the Class B stock outstanding. Certain

trusts, the beneficiaries of which are the children of Shareholder, own the remaining Class B stock outstanding.

Distributing wholly owns the stock of Controlled, Sub1, Sub2 and Sub3. Controlled is engaged in Business B and has one class of stock outstanding.

Financial information has been submitted indicating that Business A and Business B have had gross receipts and operating expense representative of the active conduct of a trade or business for each of the past five years.

PROPOSED TRANSACTION

For what are represented to be valid business purposes, Distributing has proposed the following transaction:

Distributing will distribute to Shareholder all of the stock of Controlled in exchange for Shareholder's c percent (d shares) of the Class B stock of Distributing (the "Exchange").

REPRESENTATIONS

The following representations are made with regard to the Proposed Transaction:

(a) The fair market value of the Controlled stock to be received by Shareholder will be approximately equal to the fair market value of the Distributing stock surrendered by Shareholder in the exchange.

(b) No part of the consideration to be distributed by Distributing will be received by Shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Distributing.

(c) The five years of financial information submitted on behalf of Business A conducted by DSAG is representative of the present operation of Business A and there have been no substantial operational changes since the date of the last financial statements submitted.

(d) The five years of financial information submitted on behalf of Business B conducted by Controlled is representative of its present operations and there have been no substantial operational changes since the date of the last financial statements submitted.

(e) Following the Proposed Transaction, DSAG and Controlled will each continue the active conduct of its business, independently and with its separate employees.

(f) The distribution of the stock of Controlled is carried out for the following corporate business purposes: (a) fit and focus, (b) to facilitate an acquisition or outside investment, and (c) to improve financing opportunities and cost savings. The distribution of the stock of Controlled is motivated, in whole or substantial part, by one or more of these corporate business purposes.

(g) Distributing neither accumulated its receivables nor made extraordinary payment of its payables in anticipation of the transaction.

(h) No intercorporate debt will exist between DSAG and Controlled at the time of, or subsequent to, the distribution of the Controlled stock.

(i) Immediately before the distribution, items of income, gain, loss, deduction, and credit will be taken into account as required by the applicable intercompany transaction regulations. Further, to the extent applicable, Distributing's excess loss account with respect to the Controlled stock will be included in income immediately before the distribution.

(j) Payments made in connection with all continuing transactions between DSAG and Controlled, if any, will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.

(k) The Proposed Transaction is not being used primarily as a device for the distribution of earnings and profits of Distributing or Controlled or both.

(l) Immediately after the transaction (as defined in section 355(g)(4)), either (i) if any person holds a 50 percent or greater interest (within the meaning of section 355(g)(3)) in any disqualified investment corporation (within the meaning of section 355(g)(2)), such person will have held such interest in such corporation immediately before the transaction, or (ii) neither Distributing nor Controlled will be a disqualified investment corporation (within the meaning of section 355(g)(2)).

(m) For purposes of section 355(d), immediately after the Exchange, no person (determined after applying section 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Distributing stock entitled to vote, or 50 percent or more of the total value of shares of all classes of Distributing stock, that was acquired by purchase (as defined in section 355(d)(5) and (8)) during the 5-year period (determined after applying section 355(d)(6)) ending on the date of the Exchange.

(n) For purposes of section 355(d), immediately after the Exchange, no person (determined after applying section 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Controlled stock entitled to vote, or 50 percent or more of the total value of shares of all classes of Controlled stock, that was either (i) acquired by purchase (as defined in section 355(d)(5) and (8)) during

the 5-year period (determined after applying section 355(d)(6)) ending on the date of the Exchange, or (ii) attributable to distributions on Distributing stock that was acquired by purchase (as defined in section 355(d)(5) and (8)) during the five-year period (determined after applying section 355(d)(6)) ending on the date of the Exchange.

(o) Distributing, Controlled, and Shareholder will each pay their own expenses, if any, incurred in connection with the Proposed Transaction.

(p) The Exchange is not part of a plan or series of related transactions (within the meaning of Treas. Reg. § 1.355-7) pursuant to which one or more person will acquire, directly or indirectly, stock representing a 50 percent or greater interest (within the meaning of section 355(d)(4)) in either Distributing or Controlled, including any predecessor or successor of any such corporation.

RULINGS

Based solely upon the information submitted and the representations made, we rule as follows on the Proposed Transactions:

- (1) No gain or loss will be recognized by Distributing on the Exchange. (Section 355(c)(1)).
- (2) No gain or loss will be recognized by (and no amount will otherwise be included in the income of) Shareholder on his receipt of Controlled stock in the Exchange. (Section 355(a)(1)).
- (3) The basis of the Controlled stock received by Shareholder will be the same as the basis of the Distributing stock exchanged therefore, determined in the manner described in §1.358-2. Section 358(a).
- (4) The holding period of the Controlled stock received by Shareholder will include the holding period of the Distributing stock held by Shareholder, provided that Shareholder held the Distributing stock as a capital asset on the date of the Exchange. (Section 1223(1)).
- (5) Earnings and profits will be allocated between Distributing and Controlled in accordance with § 312(h), § 1.312-10(b) and § 1.1502-33(e)(3).

CAVEAT

Except as expressly provided herein, no opinion is expressed or implied concerning the tax treatment of the Proposed Transaction under other provisions of the Internal Revenue Code or the regulations, or the tax treatment of any conditions existing the time of, or effects resulting from, the Proposed Transaction that is not specifically covered by the above rulings.

PROCEDURAL STATEMENTS

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of this letter ruling.

In accordance with the power of attorney on file with this office, a copy of this ruling letter is being sent to your authorized representative.

Sincerely,

Grid Glyer
Assistant to the Branch Chief, Branch 4
Office of Associate Chief Counsel
(Corporate)

cc: